

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION E-4549

November 8, 2012

R E S O L U T I O N

Resolution E-4549. Southern California Edison (SCE)

PROPOSED OUTCOME: Approves SCE's request to deviate from Tariff Rules 15 and 16, which require advance payments for distribution and service line extensions, for all Federal government agencies of the United States of America subject to Federal Acquisition Regulations (FAR). The Federal government shall demonstrate that specific funds were obligated for the extension projects in lieu of providing an advance payment.

ESTIMATED COST: Not determinable

By Advice Letter 2769-E Filed on August 30, 2012.

SUMMARY

This Resolution approves Southern California Edison's (SCE) request to offer distribution line and service extension installations to all Federal government agencies without requiring advanced payment for the extension projects. Instead, federal agencies shall demonstrate that funds equal to SCE's estimated cost of the extension projects are specifically obligated to the project. Upon completion of the project, the obligated funds will be remitted to SCE.

BACKGROUND

SCE's Rule 15, Distribution Line Extensions, sets forth the provisions for extending electric distribution lines of voltages less than 50 kV for purposes of furnishing electric service to customers. Rule 16, Service Line Extensions, sets forth the provisions for extending service connections from the distribution line to a customer.

A key provision of Rules 15 and 16 is that, where line and/or service extension project costs exceed the allowance provided, the applicant is required to pay in advance before any work commences. This pre-payment or "Advance"

provision is also contained within the Contract for Extension of Electric Distribution Line - Rule 15 (Installation by SCE), Form 16-330; and the Contract for Extension of Electric Distribution Line - Rule 15 (Installation by Applicant), Form 16-331, Section 3.1.

SCE and the Federal government recently negotiated, and the California Public Utilities Commission (CPUC or Commission) approved, an area-wide contract for services with the General Services Administration (GSA) by AL 2703-E⁽¹⁾. The area-wide contract does not provide for advance payments by Federal agencies for the provision of services, because it would be inconsistent with the Federal Acquisition Regulations (FAR). The FAR is the principal set of rules governing the Federal Government's acquisition of goods and services. SCE proposed that instead of advance payments, Federal Agencies would demonstrate that funds equal to SCE's estimated cost of the extension projects are specifically obligated to the project. Upon completion of the project, the obligated funds will be remitted to SCE.

NOTICE

Notice of AL 2769-E was made by publication in the Commission's Daily Calendar. SCE states that a copy of the Advice Letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

Advice Letter 2769-E was not protested.

DISCUSSION

SCE proposes to deviate from its advance payment requirements under Tariff Rule 15.D and Tariff Rule 16.E.3 by allowing all Federal government agencies subject to the FAR to pay after project completion. SCE's request is made pursuant to Rule 8.2.3 of General Order (G.O.) 96-B, which permits Federal government agencies to obtain "free or reduced rate service, or under terms and conditions otherwise deviating from its tariffs then in effect." For each line

¹ *Areawide Public Utility Contract for Electric Services Regulated Energy Management Services and Services under CPUC-Approved Contracts Contract No. GS-00P-09-BSD-0666, Modified 2/6/12, between the United States of America and Southern California Edison Company, approved pursuant to Energy Division disposition of SCE AL 2703-E, effective March 26, 2012.*

and/or service extension project, a Federal agency will provide SCE a report, prior to the initiation of any work done by SCE, indicating that funding for the project has been obligated by the U.S. Congress.

G.O. 96-B, Energy Industry Rule 5.3 (8) requires a utility proposal for service to a government agency made pursuant to General Rule 8.2.3 to be submitted as an AL Tier 3 (Effective After Commission Approval).

On October 15, 2009 the CPUC approved Advice Letter 2365-E for a similar proposal to what is proposed by SCE in this instant AL. For that project, the Department of Veteran's Affairs (VA) provided a report to SCE indicating that funding for a Distribution Line and Service Extension for the Bakersfield National Cemetery was obligated by the United States Congress. Payment was made to SCE by the VA after completion of the project.

If approved, this Resolution will grant a blanket approval for SCE to enter into Distribution and Service Line Extension agreements with Federal agencies on a going forward basis without advance payments. Instead of receiving advance payments for line and service extension projects, SCE will receive a report, a letter, or an approved purchase order from the Federal agency verifying that the funds were obligated for the project. The Federal Agency will then make the payment upon completion of the work by SCE.

If approved, SCE will bear the carrying costs associated with not receiving funding in advance of project commencement. This is consistent with the intent of Rule 8.2.3. Also, granting this general deviation will reduce SCE's and the CPUC's administrative burden of seeking and granting approval for each individual Federal agency Distribution and Service Line Extension project.

Therefore, the CPUC grants SCE's requested deviation from Tariff Rule 15.D and Tariff Rule 16.E.3 as requested in AL 2769-E for all Federal agencies subject to FAR.

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code 311(g) (2), the otherwise applicable 30-day period for public review and comment is being waived.

FINDINGS

1. G.O.96-B, Rule 8.2.3 allows electric utilities to provide services to government agencies at reduced cost or for free or under terms and conditions otherwise deviating from current tariff.
2. G.O. 96-B, Energy Industry Rule 5.3 (8) requires the utility seeking to provide service according to Rule 8.2.3 to a government agency to submit a Tier 3 Advice Letter.
3. SCE requests to deviate from Tariff Rules 15 and 16 with regards to advance payments for distribution line and service extension installations for all Federal agencies subject to the FAR.
4. SCE shall accept Congressionally approved "obligated funds" as a substitute for advance payments until the completion of the project.
5. The obligated funds shall be paid to SCE after project completion.

THEREFORE IT IS ORDERED THAT:

1. The request of SCE in Advice Letter AL 2769-E to deviate from Tariff Rules 15 and 16 for Federal agencies subject to FAR is approved.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on November 8, 2012; the following Commissioners voting favorably thereon:

/s/ Paul Clanon

PAUL CLANON

Executive Director

MICHAEL R. PEEVEY

President

TIMOTHY ALAN SIMON

MICHEL PETER FLORIO

CATHERINE J.K. SANDOVAL

MARK J. FERRON

Commissioner